



City of
Rockville
Get Into It

City Contracting

December 17, 2012



Get Into It

State of the
FY 2014 Budget

City Employee
Compensation

Capital Improve.
Program

Biennial Budgeting

What It Means to
Cut Costs

City Contracting

Costs / Revenues &
New Development

Types of Procurements

Procurement Type	Procurement Process
Small Qualified Purchases Threshold \$3,000	<ul style="list-style-type: none">• Made against offers determined to be fair and reasonable• Delegated Authority• Purchase Card
Informal Solicitation Request For Quotation (RFQ) \$3,000 to \$30,000	<ul style="list-style-type: none">• Streamlined Process• Award to responsive, responsible firm offering best price
Formal Solicitation > \$30,000 ➤ Invitation For Bid (IFB)	<ul style="list-style-type: none">• Public bid opening• Award to responsive, responsible firm offering best price
➤ Request For Proposal (RFP)	<ul style="list-style-type: none">• Proposals are confidential• Price Negotiated• Award to most qualified firm
Cooperative Procurement	<ul style="list-style-type: none">• Aggregated volume creates significant price benefits



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Types of Contracts

- Firm Fixed Price
- Fixed Price With Economic Price Adjustment
 - Adjustments based on established prices
 - Adjustments based on actual cost of labor or materials
 - Adjustments based on cost indexes of labor or material. Ex: CPI, PPI
 - Time and Materials



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Protecting the City's Interests

- ✓ Contract Clauses
 - Termination for Convenience
 - Termination for Default
 - Appropriation of Funds
- ✓ Insurance Provisions
- ✓ Indemnity Clauses
- ✓ Bonding Requirements



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Local Preferences

Advantages	Disadvantages
Encourages businesses to stay or relocate to City	Increased costs and decreased competition
Creates jobs in the short-term	Goes against public purchasing principles of equity, impartially, open competition and best value
Represents commitment to local business	Potential for reciprocal action by other jurisdictions
Creates incentive for new business development	Increased administration to oversee policy



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Example Of 5% Local Preference

Bidder	Amount of Original Bid	With 5% Local Preference	Adjusted Bid Amount	Result
Bidder #1	\$1,980,000	No Adjustment	\$1,980,000	\$20,000 Preference Cost to City
Bidder #2 Rockville Firm	\$2,000,000	\$100,000 Adjustment	\$1,900,000	Rockville Firm Wins
Bidder #3	\$2,300,000	No Adjustment	\$2,300,000	City pays \$2,000,000



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Actions To Support of Local Business Without a Change in Law

- ✓ Provide training to businesses on “How To Do Business With the City”
- ✓ Divide project into smaller segments so businesses can compete and build experience
- ✓ Encourage businesses to register with the State of Maryland’s web portal for statewide procurement opportunities
- ✓ Reorganize City website to make bidding opportunities easier to find



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Contracting Out

Advantages	Disadvantages
Access greater range of technical expertise	Displacement of public employees
Smaller Government/Reduced Overhead	Cost escalation in later years due to price escalation
Flexibility to change vendors	Reduced quality of service
Promotes public/private cooperation	Loss of government control over operations and results



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Schedule

Meeting Date	Agenda Item
October 15, 2012	State of the FY 2014 General Fund Budget City Employee Compensation
November 5, 2012	Capital Improvements Program
November 19, 2012	Biennial Budgeting
December 3, 2012	Reducing the City Budget, What It Means to Cut Costs
December 17, 2012	City Contracting
January 7, 2013	Costs and Revenues Associated with New Development